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ON

# THE QUESTION OF THE HOUR.

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PRESIDENT DANIEL ALBRIGHT LONG, A. M., D. D., LL.D.

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# HISTORY OF COINAGE.

## BACCALAUREATE ADDRESS BY DANIEL ALBRIGHT LONG A. M., D. D., LL.D.

President of Antioch College, Yellow Springs, Ohio, Before the Class of '95 on June 15.



THE people of this nation are intensely interested in the history of coinage, and the relative value of gold and silver. It is bound to dwarf all other issues in the next National Campaign. Practically speaking, gold was not used from the Seventh century until 1252, when the gold florin of Florence was coined. Of course there were exceptions to this rule, but the currencies of the nations of mediaeval Europe rested on a silver basis entirely.

All modern monetary systems may be traced back to enactments which Charlemagne copied from the Eastern empire. With the history of the Crusades we see an account of the growth of cities like Genoa and Venice favoring the re-coinage of gold. Now what has the real reason of these cities demanding a currency of higher value than silver? It was nothing more or less than the growing foreign trade of these Italian republics. Then, too, this brought them in contact with gold bearing and gold using countries. The first gold coined was in France and Germany about 1254. The first King of England to issue gold coins was Henry III, "who in 1257 coined a penny of fine gold; of the weight of two silver pennies of the time, and ordered it to be current for twenty pence."

The fluctuations of mint rates are to be found in all countries. About the middle of the 14th century there was a decided rise in the value of silver as against gold. In Florence the ratio was 13.32. Before the close of the 14th century it was a small fraction over 11 to 1 in both England and France. Now, what was the result in Florence when she attempted to defy the commercial world and keep her ratio 13.62 to 1? Silver soon disappeared from circulation. It was melted down and transported. Then great discontent arose. Recoinage was the result.

In Spain we find nothing stable in the history of currency before the discovery of America. The historian says: "It was only with the advent of the Catholic sovereigns that the internal disorder and want of unity of the Spanish system was effectually remedied, in the very hour of that discovery of a new world which was to put upon Spain the vital function of distributing the new stores of the precious metals."

The generations unborn will be perplexed and bewildered when they come to study the history of the numerous independent mints of Germany five hundred years ago. We must remember, too, that in France the ratio stood as low as 9 to 1 about that time. In 1403 England found



her gold going abroad. For eight years the cry of hard times was heard. In 1411 the government decided to recoin, because of the great scarcity of money at that time. England made 50 gold nobles out of every pound of gold. In Flanders they made a coin of less value than the English noble and called it the Burgundy noble. The nobles of less value began to circulate in England, for cheap money will always drive out better money. Then England commanded foreign money to be taken as bullion. (1419.)

From the fifth until the fifteenth century, Europe presented an hemispheric battlefield and a prolonged harvest of death. The discovery of America was the monetary salvation of the old world. The blood-stained plunder of the Indians soon began to increase the volume of the precious metals in Europe. The wealth of the Orient is to be surpassed by the wealth and power of the Occident. Gradually the center of the European monetary exchanges passed from Byzantium, Florence and Venice to Antwerp, London and New York. Yet it was a blind way with the masses, and public opinion often forced those in authority to attempt impossibilities while those monetary changes were going on. In 1575 the people of the Netherlands were drawing the gold away from England. Elizabeth was queen at that time. One of the correspondents of the Privy Council wrote from the Netherlands: "The low country merchants return great stores of money hither by exchanges, and by the proceeds as the exchange may serve their purpose, they send away Her Majesty's coin and bullion into the low countries in great quantities, and the rather by reason of the Hollanders trading in the East, by which means the realm will be secretly robbed if it be not prevented." The English Privy Council was called again and again. For over twenty years prevention was vainly attempted by Council and Acts of Parliament. It was shown how "foreign exchanges contrived, by arranging a rise or fall in particular moneys, to draw them out of the kingdom."

France, too, had her monetary troubles. In 1577, Henry III assembled the States-General. Experts were called in. One sentence from their report will show what was either the real or imaginary trouble. They said: "It proceeds from the malice of several who turn into bullion the best of your coins in order to fill the kingdom with others of less goodness, enriching themselves thus with the blood and misery of the people." But trouble continued. In 1641, France called a conference of monetary experts in Paris. It was found "after careful assays of all moneys of the surrounding nations," that the prevailing ratios were: Germany 12 to 1, Milan 12 to 1, Flanders and the Netherlands 12.5 to 1, England 13.33 to 1. France began to recoin, and adopted a ratio a fraction higher than all these, viz: 13.5 to 1.

In Germany, the influx of American gold began to unsettle affairs. The ratio was increased by various edicts. If any man gave more for foreign coins of gold, he was in danger of heavy penalties. If he undertook to export gold or silver, he would be liable to lose both goods and life. The ordinance soon became a dead letter. Troubles only increased. Investigation after investigation was made. The monetary convention of 1539 called by Ferdinand at Augsburg was "fruitless." They met again in 1548 and again in 1550. Finally it was thought that the question could be settled by imperial orders. Accordingly, an imperial mint edict was issued at Augsburg, in 1551. This was drawn up with a ratio of 10.83 to 1 as a basis. Since different ratios were ruling abroad, gold continued to rise and silver to fall. Eight years later another edict made

the ratio 11.44. Just before the founding of the celebrated bank of Hamburg; in 1619, we find the wise men of Germany saying: "It is many ways known and plain how disastrous a disorder has hitherto been in the currency, both from the rise of the larger silver specie and from the excessive importation of smaller depreciated specie, whereby not only private individuals, but also common interests, as churches, hospitals, widows and orphans, are greatly pinched in their incomes." In 1623 a great mint deputation was held, and practically arranged a compromise which lasted about forty years.

No nation can retain gold which is not fitted for mercantile life. Look at Spain during the sixteenth and seventeenth centuries. Gold and silver flowed to her shores. Her vanity was increased. She went on with conquest, and let commerce go. Then, too, her coins were exalted above the ratios of other nations. Her cheap money remained at home, her best went abroad.

About 1609, gold began to leave England so rapidly that a proclamation was issued against it. Sir Francis Bacon was called in to aid in drafting part of a proclamation. This did not stop the outflow. Sir Walter Raleigh addressed some "Select Observations to King James, in regard to Trade, Commerce, and Coin" during the monetary crisis of 1611. He said: "While the current cash of the kingdom can be converted into bullion, and so be made a trading commodity, it will either be conveyed to the best market, or wrought into plate at home. * * The goodness of the Spanish coin has not kept it in Spain. * * Raising the value of our coin is the only certain means of keeping it in the nation." November 22, 1611, England raised the denominational value of all gold coins 10 per cent. This raised the ratio from 12.15 to 1 to 13.32 to 1. In a year the trouble began anew. The outflow of gold gave serious trouble. May, 1612, a proclamation was issued, forbidding merchants to exceed mint prices in buying bullion. The Privy Council was so distressed that it "sat thirteen hours on the Sunday." But matters only grew worse. In 1619 "eighteen merchants were sentenced in the Star Chamber for exporting gold." In 1622 we find these words in a report: "The Lords think it best for some agreement to be made with neighborboring states for a due correspondence in the value of the coins now used." "But," says the historian, "while the Lords of the Council talked of treaties, the crisis came." In February, 1622, Locke informs Carleton that "Money is very scarce. In the clothing countries the poor have assembled in troops of forty or fifty, and gone to the houses of the rich and demanded meat and money, which has been given through fear. The Lords ordered the clothiers to keep their people at work, but as they complained that they cannot sell their cloth, usurers and moneyed men, though not in the trade, are ordered to buy it."

In May, 1622, we find the taxes could not be collected. The Justices of Sumerset, May 15, 1622, wrote: "The people are desperate for want of work." It was ordered that nothing should be worn at funerals but English-made cloth. Rich people in London and other places were ordered to go to the country and "reside on their estates for the relief of the poor in the dearth."

As we always regard the right to coin money as an attribute of sovereignty, it is interesting to notice a few things in the action of our own country concerning this matter. Our Constitution says that the Government shall have the right "to coin money, to regulate the value thereof and of foreign coin, and fix the standard of weights and measures." The coinage act of 1792 made gold and silver legal tender in payment of all debts. Now, the value depended then, as it depends now, on the amount of pure metal which the money contains. As both gold and silver dollars contain a fraction of alloy, the alloyed metal is called "standard gold" and "standard silver." The weight of the coin is expressed in "standard metal."



For instance — the gold dollar of 1792 contained 27 grains of "standard" and 24.75 of pure gold to the dollar; and in the silver, 416 grains of "standard" and 371.25 of pure silver. Thus you see gold was estimated to be worth fifteen times the same weight of silver. In 1834 it was found impossible to keep both gold and silver in circulation as money. Why? Simply because one ounce of gold was worth more than fifteen ounces of silver. The gold coins were melted up and sold as metal. The government made a reduction of over six per cent. in the weight of the gold coins. This reduction changed the ratio from 15 to 1 to 16 to 1.

In less than twenty years the equilibrium was greatly disturbed. Silver went up. The California and Australian mines gave the world an unexpected amount of gold. In 1851 our Secretary of the Treasury recommended that the silver coins be reduced in weight. Finally, in February, 1853, the law was enacted that "two half-dollars, four quarters, etc., should contain 384 grains of standard silver instead of 412.5; and that these coins should be legal tender for only five dollars." The silver dollar was not mentioned in the act of 1853. From 1816 to the present, England has had gold for the standard — silver being the legal tender for only forty shillings.

In 1873 our government passed a general coinage act which prohibited the coining of all coins except those enumerated in the act. The silver dollar was not enumerated, but it was stated that the gold dollar "shall be the unit of value." Thus the silver dollar, which was practically demonetised in 1853, was completely demonetised in 1873. In July, 1876, the silver in the old dollar was worth 79¼ cents. Great fluctuations have taken place since 1876. Bills have passed over the President's veto, but they only recall the truth of what Secretary Ingham wrote, May 4, 1830: "The proposition that there can be but one standard in fact is self evident. The history of coinage abounds with mint regulations to keep gold and silver together, and statutes prohibiting under severe penalties the exportation of either; all of which have disappointed every expectation of their projectors."

You see from Gen. XXIII, 16, that metalic money is as old as the time of Abraham. You see from the second chapter of Genesis that "the gold of that land is good." Then it passed by weight. More than a thousand years elapsed before coins were invented. In the evolution of coinage they went from the less to the more valuable. At first they coined brass, iron, copper, and silver; last and best of all — gold. We all know that "the money of the United States is of two kinds — (1) coin, and (2) paper money, often called currency. The coin is chiefly of two kinds — gold and silver. The paper money is chiefly of two kinds, United States Notes and National Bank Bills." There are besides the "small copper and nickel coins." When we explain the character of our money to a stranger we say that coin has a value of its own, an intrinsic value as metal, irrespective of its stamp as coin. Paper money has practically no value, except for what is written on its face. Thus, the United States Note reads as follows: "The United

States will pay to bearer ten dollars." A bank bill reads: "The ———— Bank of the City of Springfield will pay ten dollars to bearer on demand." In one case the National Government promises, and in the other the particular bank. And why do they pass at the same value as the coin? Because their redeemer liveth, and all men believe they can obtain the coin the moment they demand the same.

Well did Trenholm say: "The importance to the people of selecting and adhering to a certain weight and fineness of one metal as the monetary unit, arises wholly out of the fact that their money is manifold in form, substance, and intrinsic value. Our four kinds of money differ in intrinsic value, and therefore they can be maintained at uniform conventional and legal value, only by investing one of the two metallic coinages, (gold and silver) with the character of a basis or standard of value, and by force of law conferring upon the other elements of the currency, values intrinsically present in that selected to be the standard."

The interdependence of all nations is of such a character that it would be a step backward not to select the metal of greater intrinsic value. India, Mexico, and China may adhere to a silver monometalism. After years of careful study, I am forced to the conclusion that gold monometalism is the unavoidable destiny of the United States.

Before the unification of the German Empire in 1871, the Germans possessed eight or nine distinct coinage systems, and had with them something of our experience with State banks.

While we were under British rule, our colonies had the silver standard in pounds, shillings, and pence, just like the mother country. When Robert Morris presented a scheme for our National Coinage, January 15, 1782, among others he wrote: "The various coins which have circulated in America have undergone different changes in their value, so there is hardly any which can be considered as a general standard unless it be Spanish dollars. These pass in Georgia at 5s., in North Carolina and New York at 8s., in Virginia and the four Eastern states at 6s., in all the states except South Carolina at 7s., 6d., and in South Carolina at 32s. 6d." As a common denominator, calculated from part of these figures, Morris proposed a monetary unit. Jefferson proposed, in opposition to Morris' scheme, a decimal system resting on the dollar, and with a ratio of 15 to 1.

"Just principles," says Jefferson, after stating the legal ratio in the chief European countries, "will lead us to disregard legal proportions altogether, to inquire into the market price of gold in the various countries with which we shall be principally connected in commerce, and to take an average from them. Perhaps we might safely lean to a proportion somewhat above par for gold, considering our neighborhood and commerce with the sources of the coins, and the tendency which the high price of gold in Spain has to draw thither all that of their mines, leaving silver principally for our and other markets." It was May 5, 1791, when Alexander Hamilton brought before congress his remarkable scheme, which was accepted with slight change, in April 1792. But listen to an extract from the report of the Congressional committee on Currency, February 1821: "The committee are of opinion that the value of American gold compared with silver ought to be somewhat higher than by law at present established. On inquiry they find that gold coins, both foreign and of the United States, have in a great measure disappeared. * * There have been coined at the Mint of the United States six millions of dollars in gold. It is doubtful whether any considerable portion of it can at this time be found within the



United States. * * It is ascertained that the gold coin, in an office of discount and deposit of the Bank of the United States, in November 1819 amounted to $165,000, and the silver coin to $118,000; that since that time the silver coin has increased to $700,000, $100 only of which is American."

It was not until July 31, 1834, that the ratio was changed from 15 to 1 to 16 to 1. Turn to "Benton's Thirty Years' View," and you will see that there were giants among the agitators of those days. Chancey of South Carolina, Gillett of New York, Ewing of Indiana, McKim of Maryland, Gorham of Massachusetts, Birney of Pennsylvania, and Wild of Georgia, were in the House. In the Senate, Calhoun and Webster supported the change 16 to 1. Clay opposed. On the final vote only seven senators opposed. Says Benton: "The good effects of the bill were immediately seen. Gold began to flow into the country through all the channels of commerce, old chests gave up their hoards, the Mint was busy; and in a few months, as if by magic, a currency banished from the country for thirty years, overspread the land, and gave joy and confidence to all the pursuits of industry." But this high-sounding praise was soon dashed to the earth. In less than twenty years it was found that silver was going out of the country, hence the recoinage of the half-dollar downwards by act of February, 1853. That bill was piloted through the House by Dunham. He said, "We have but a single standard for the last three or four years. That has been, and now is, gold."

We have mentioned the act of April, 1873. It was the completion of the system as provided for in Section 3568 of the Revised Statues of 1874, by which the silver coins of the United States were declared legal tender only up to five dollars. The most that could be said against the law was that it was the "establishment of gold monometalism on the English plan." But what did monometalism of any kind mean, when there was no metal in sight, and the country was still flooded with paper money? The lines were converging for specie resumption, but that was six years away. Should the act of 1873 be maintained when the first of January, 1879, arrived, or would the gentlemen advocate the bimetallic system which had prevailed before? A compromise was reached February 28, 1878. The minimum limit was 2,000,000 silver dollars monthly. An international conference was to be called. The "Bland" bill deceived the hope of both parties. It remained in force about twelve years, during which time the United States coined about 370 million of dollars. In December, 1890, President Harrison and Secretary Windom proposed to cease the coining of silver, and to limit the issue of silver certificates to the value of the silver bullion as deposited, reckoning that value at its then market price. From these proposals sprang another compromise which passed on July 14, 1890, known as the "Sherman Act." It went into force August 13, 1890. The main regulations were these: 1. The Secretary of the Treasury to purchase monthly not more than 4,500,000 ozs. of silver at the market price, so long as that price is below 129.20 cents per oz.

2. 3. To issue Treasury notes against the purchases, the said notes to be legal tender, and capable of forming part of blank reserves.

4. Up to July 1, 1891, two million ozs. monthly of this silver could be coined into dollars. That coinage to cease after the date specified, except so far as necessary to secure the Treasury notes. At the same time the act declares the intention of the United States to preserve the parity of gold and silver, which would be about as reasonable as for an act of Congress to order the sun to rise in the west and set in the east.

The monetary conference held at Brussels in February, 1893, was a failure. The Governor-General of India, in council of June 26, 1893 closed the India mint to the free coinage of silver. The United States was alone among the great powers in defense of silver. She could not retain her gold reserve without repealing the Sherman Act, and selling over a hundred million of bonds. The Sherman Act was repealed in November, 1893.

Capital is timid. Money is like guano—it does no good until it is scattered. No doubt many men of wealth are miserly and cruel to the poor. Yet they are not all so. A greater spirit of philanthropy is in the world to-day than ever before. But confidence is a plant of slow growth. Better times are not to come either spiritually or financially, through threats of tearing up railroads, smashing banks and confiscating, directly or indirectly, the estates of the rich.

The demand for the free and unlimited coinage of silver will not make a silver dollar equal in value to a gold one. Many of our wisest and best men are calling for bi-metalism. Nowhere outside of the United States do you find the people of a great nation demanding that they shall have the free and unlimited coinage of silver. Let State conventions and leading congressmen keep up the agitation in favor of the free and unlimited coinage of silver at a ratio of 16 to 1 and the United States will be forced to issue more bonds in order to redeem its paper in gold. Bank depositors will keep their money locked up. Manufacturers will shut down as long as they are really afraid that cheap dollars will be issued. No wonder that Europeans holding our securities sent them back to this country to be sold for gold, when they were told that there was a possibility of a silver era, when they might be forced to take sixty cents' worth of silver with a picture of the American eagle one side and the Goddess of Liberty on the other, for a dollar in gold.

The moment this nation starts on free and unlimited coinage of silver we shall find ourselves on a shoreless sea of financial uncertainty, where the fogs never lift. A little over thirty years ago we found ourselves amid the stranded fragments and floating timbers of the greatest civil war the world has ever known. The attrition of the tide of time has worn off the asperities of those days. Our country is growing stronger and wiser with each day. To-day we have over sixty millions of people whose hearts beat in unison to the music of the Union and the Constitution. When they come to understand the matter fully, they will adhere to the wisest and best standards in morals and finance.

Of all nations in the world ours is the most vigorous. It has had, and must continue to have, an expanding and expansible currency. Everything is tending—slowly it may be, but surely—to the best,—the best in morals, the best in government, the best in money. Trade in the precious metals has become free ; and the brotherhood of man, the interdependence of nations, is such that bullion flows automatically from land to land in accordance with the laws of right, true value, and international trade.

But in conclusion, I would remind you that there is something better than money. Pope, in his "Essay on Man," says :

> "Judges and senates have been bought for gold
> Esteem and love were never to be sold."

The Sage of old taught the people that, "He that loveth silver shall not be satisfied with silver."

To the class of '95 I can only say : — May He who sitteth upon the circle of the heavens and keepeth count, reward you with that loving favor which is rather to be desired than silver and gold.

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